

DIAMOND McCARTHY LLP
Charles M. Rubio
Sheryl P. Giugliano
295 Madison Ave, 27th Floor
New York, NY 10017
Tel: (212) 430-5400
Fax: (212) 430-5499

Proposed Counsel to Ponderosa-State Energy, LLC

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

PONDEROSA-STATE ENERGY, LLC

Case No. 19-13011 (JLG)

Debtor.

Chapter 11

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**SUPPLEMENT TO MOTION FOR AUTHORIZATION PURSUANT
TO 11 U.S.C. §§105, 361, 362 AND 363(c) FOR USE OF CASH COLLATERAL**

Ponderosa-State Energy, LLC (“Ponderosa” or the “Debtor”), the above-captioned debtor and debtor in possession, files this Supplement to *Motion For Authorization Pursuant to 11 U.S.C. §§105, 361, 362 and 363(c) For Use of Cash Collateral* (the “Motion”).¹

Attached hereto as **Exhibit A** is a proposed second 13-week cash collateral budget from the week of December 15, 2019 through and including the week of March 8, 2020 (the “Budget”).

WHEREFORE, the Debtor respectfully requests the entry of an interim order, substantially in the form attached to the Motion, approving continued use of Cash Collateral pursuant to the Budget.

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¹ Capitalized terms used but not defined herein have the meanings assigned to such terms in the Motion.

Dated: New York, New York
November 26, 2019

Respectfully submitted,

DIAMOND McCARTHY LLP

/s/ Charles M. Rubio

Charles M. Rubio

Sheryl P. Giugliano

295 Madison Ave, 27th Floor

New York, NY 10017

Tel: (212) 430-5400

Fax: (212) 430-5499

*Proposed Counsel to
Ponderosa-State Energy, LLC*

Exhibit A

PONDEROSA-STATE ENERGY, LLC, Case No. 19-13011 (Bankr. S.D.N.Y)

12/15/19 - 3/14/2020

Second 13-Week Budget

Ref:	Week #	14	15	16	17	18	19	20	21	22	23	24	25	26	# of Days
	Week Start	12/15/2019	12/22/2019	12/29/2019	1/5/2020	1/12/2020	1/19/2020	1/26/2020	2/2/2020	2/9/2020	2/16/2020	2/23/2020	3/1/2020	3/8/2020	90
	Week Ended	12/21/2019	12/28/2019	1/4/2020	1/11/2020	1/18/2020	1/25/2020	2/1/2020	2/8/2020	2/15/2020	2/22/2020	2/29/2020	3/7/2020	3/14/2020	Total
6	PRODUCTION														
7	Gross Oil (bbl)	455	455	455	455	455	455	455	455	455	455	455	455	455	5915
8	Gross Gas (mcf)	875	875	875	875	875	875	875	875	875	875	875	875	875	11375
9	Total BOE/day	78	78	78	78	78	78	78	78	78	78	78	78	78	
10	Inventory	91	178	265	168	255	158	245	148	235	138	225	312	215	
11	oil sold/month	368	368	368	552	368	552	368	552	368	552	368	368	552	
12	gas sold/month		1288				1840					2208			
13			3500					4375				3500			
14	CASH RECEIPTS														
15	Gross Oil Revenue	\$ 70,840	\$ -	\$ -	\$ -	\$ -	\$ 70,840	\$ -	\$ -	\$ -	\$ 101,200	\$ -	\$ -	\$ -	\$ 242,880
16	Gross Gas Revenue	\$ -	\$ -	\$ 44,100	\$ -	\$ -	\$ -	\$ 17,500	\$ -	\$ -	\$ -	\$ -	\$ 21,875	\$ -	\$ 83,475
17	Gross Cash Receipts from Operations	\$ 70,840	\$ -	\$ 44,100	\$ -	\$ -	\$ 70,840	\$ 17,500	\$ -	\$ -	\$ 101,200	\$ -	\$ 21,875	\$ -	\$ 326,355
18	TRANSFER TO RESERVES														
19	Royalty Reserves	\$ 15,231	\$ -	\$ 9,482	\$ -	\$ -	\$ 15,231	\$ 3,763	\$ -	\$ -	\$ 21,758	\$ -	\$ 4,703	\$ -	\$ 70,166
20	Working Interest Reserves	\$ 26,034	\$ -	\$ 16,207	\$ -	\$ -	\$ 26,034	\$ 6,431	\$ -	\$ -	\$ 37,191	\$ -	\$ 8,039	\$ -	\$ 119,935
21	Total Transfer to Reserves	\$ 41,264	\$ -	\$ 25,688	\$ -	\$ -	\$ 41,264	\$ 10,194	\$ -	\$ -	\$ 58,949	\$ -	\$ 12,742	\$ -	\$ 190,102
23	SOURCES OF CASH														
24	CASH FROM OPERATIONS														
25	Net receipts after reserves	\$ 29,576	\$ -	\$ 18,412	\$ -	\$ -	\$ 29,576	\$ 7,306	\$ -	\$ -	\$ 42,251	\$ -	\$ 9,133	\$ -	\$ 136,253
26	Severance Taxes from Royalty Reserves	\$ 701	\$ -	\$ 664	\$ -	\$ -	\$ 701	\$ 263	\$ -	\$ -	\$ 1,001	\$ -	\$ 329	\$ -	\$ -
27	Reimbursement from Working Interest Disputed Funds	\$ 31,589	\$ 7,019	\$ 13,277	\$ 3,442	\$ 43,122	\$ 5,081	\$ 15,944	\$ 4,030	\$ 42,779	\$ 5,937	\$ 8,362	\$ 11,346	\$ 5,831	\$ 197,760
28	Total Cash from Operations	\$ 61,165	\$ 7,019	\$ 31,689	\$ 3,442	\$ 43,122	\$ 34,657	\$ 23,251	\$ 4,030	\$ 42,779	\$ 48,188	\$ 8,362	\$ 20,479	\$ 5,831	\$ 334,013
29	DIP CASH RECEIPTS														
30	Total DIP Availability	\$ 500,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 390,000	\$ 390,000	\$ 390,000	\$ 390,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	
31	Beginning DIP Balance	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
32	Draw/(Repayment) of DIP	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
33	Ending DIP Balance	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
34	Total Sources of Cash	\$ 61,165	\$ 7,019	\$ 31,689	\$ 3,442	\$ 78,122	\$ 34,657	\$ 23,251	\$ 4,030	\$ 82,779	\$ 48,188	\$ 8,362	\$ 20,479	\$ 5,831	\$ 409,013
36	USES OF CASH														
37	OPERATING EXPENSES														
38	G&A Expenses	\$ 27,500	\$ -	\$ -	\$ -	\$ 32,500	\$ -	\$ -	\$ -	\$ 32,500	\$ -	\$ -	\$ -	\$ -	\$ 92,500
39	Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Texas General Land Office Royalty	\$ 2,479	\$ -	\$ 1,544	\$ -	\$ -	\$ 2,479	\$ 613	\$ -	\$ -	\$ 3,542	\$ -	\$ 766	\$ -	\$ 11,422
41	Severance Taxes	\$ 3,259	\$ -	\$ 3,087	\$ -	\$ -	\$ 3,259	\$ 1,225	\$ -	\$ -	\$ 4,653	\$ -	\$ 1,531	\$ -	\$ 17,016
42	Lease Operating Expenses	\$ 14,523	\$ 14,325	\$ 12,072	\$ 7,025	\$ 13,005	\$ 7,925	\$ 18,954	\$ 8,225	\$ 12,304	\$ 8,622	\$ 17,065	\$ 9,382	\$ 7,025	\$ 150,455
43	CapEx														\$ -
44	Total Operating Expenses	\$ 47,761	\$ 14,325	\$ 16,703	\$ 7,025	\$ 45,505	\$ 13,663	\$ 20,791	\$ 8,225	\$ 44,804	\$ 16,822	\$ 17,065	\$ 11,679	\$ 7,025	\$ 271,393
45	CHAPTER 11 RELATED EXPENSES														
46	U.S. Trustee												\$ 4,875		\$ 4,875
47	Debtor Professional Fees					\$ 40,000				\$ 40,000					\$ 80,000
48	Adequate Protection Payments	\$ 20,000		\$ 12,708				\$ 12,667				\$ 12,625			\$ 58,000
49	DIP Lender Fees					\$ 2,500				\$ 2,500					\$ 5,000
50	Total Chapter 11 Related Expenses	\$ 20,000	\$ -	\$ 12,708	\$ -	\$ 42,500	\$ -	\$ 12,667	\$ -	\$ 42,500	\$ -	\$ -	\$ 12,625	\$ 4,875	\$ 147,875
51	Total Uses of Cash	\$ 67,761	\$ 14,325	\$ 29,411	\$ 7,025	\$ 88,005	\$ 13,663	\$ 33,458	\$ 8,225	\$ 87,304	\$ 16,822	\$ 17,065	\$ 24,304	\$ 11,900	\$ 419,268
53	BEGINNING CASH	\$ 30,000	\$ 23,403	\$ 16,098	\$ 18,375	\$ 14,793	\$ 4,910	\$ 25,904	\$ 15,696	\$ 11,501	\$ 6,976	\$ 38,342	\$ 29,639	\$ 25,814	
54	ENDING CASH	\$ 23,403	\$ 16,098	\$ 18,375	\$ 14,793	\$ 4,910	\$ 25,904	\$ 15,696	\$ 11,501	\$ 6,976	\$ 38,342	\$ 29,639	\$ 25,814	\$ 19,745	

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Second 13-Week Budget

Ref:	Week #	14	15	16	17	18	19	20	21	22	23	24	25	26	# of Days														
	Week Start	12/15/2019	12/22/2019	12/29/2019	1/5/2020	1/12/2020	1/19/2020	1/26/2020	2/2/2020	2/9/2020	2/16/2020	2/23/2020	3/1/2020	3/8/2020	90														
	Week Ended	12/21/2019	12/28/2019	1/4/2020	1/11/2020	1/18/2020	1/25/2020	2/1/2020	2/8/2020	2/15/2020	2/22/2020	2/29/2020	3/7/2020	3/14/2020	Total														
56	RESERVE DETAILS - Reserve accounts are maintained by Kent Reis and the amounts set forth herein are estimates.																												
57	ROYALTY RESERVES																												
58	Beginning Royalty Reserves	\$	750,000	\$	764,530	\$	764,530	\$	773,348	\$	773,348	\$	773,348	\$	787,878	\$	791,377	\$	791,377	\$	791,377	\$	812,134	\$	812,134	\$	816,508		
59	Additions to Royalty Reserve	\$	15,231	\$	-	\$	9,482	\$	-	\$	-	\$	15,231	\$	3,763	\$	-	\$	-	\$	21,758	\$	-	\$	4,703	\$	-	\$	70,166
60	Severance Taxes from Royalty Reserves	\$	(701)	\$	-	\$	(664)	\$	-	\$	-	\$	(701)	\$	(263)	\$	-	\$	-	\$	(1,001)	\$	-	\$	(329)	\$	-	\$	
61	Ending Royalty Reserve Balance	\$	764,530	\$	764,530	\$	773,348	\$	773,348	\$	773,348	\$	787,878	\$	791,377	\$	791,377	\$	791,377	\$	812,134	\$	812,134	\$	816,508	\$	816,508		
62	WORKING INTEREST RESERVES																												
63	Beginning Working Interest Balance	\$	100,000	\$	94,445	\$	87,426	\$	90,355	\$	86,913	\$	43,791	\$	64,744	\$	55,231	\$	51,200	\$	8,422	\$	39,675	\$	31,314	\$	28,007		
64	Additions to Working Interest Reserve	\$	26,034	\$	-	\$	16,207	\$	-	\$	-	\$	26,034	\$	6,431	\$	-	\$	-	\$	37,191	\$	-	\$	8,039	\$	-	\$	119,935
65	Severance Taxes Obligation	\$	(1,198)	\$	-	\$	(1,134)	\$	-	\$	-	\$	(1,198)	\$	(450)	\$	-	\$	-	\$	(1,711)	\$	-	\$	(563)	\$	-	\$	(6,253)
66	Other Reimbursement Obligation*	\$	(30,391)	\$	(7,019)	\$	(12,142)	\$	(3,442)	\$	(43,122)	\$	(3,883)	\$	(15,494)	\$	(4,030)	\$	(42,779)	\$	(4,226)	\$	(8,362)	\$	(10,783)	\$	(5,831)	\$	(191,506)
67	Reimbursement Paid From Working Interest Reserve	\$	(31,589)	\$	(7,019)	\$	(13,277)	\$	(3,442)	\$	(43,122)	\$	(5,081)	\$	(15,944)	\$	(4,030)	\$	(42,779)	\$	(5,937)	\$	(8,362)	\$	(11,346)	\$	(5,831)		
68	Ending Working Interest Reserve Balance	\$	94,445	\$	87,426	\$	90,355	\$	86,913	\$	43,791	\$	64,744	\$	55,231	\$	51,200	\$	8,422	\$	39,675	\$	31,314	\$	28,007	\$	22,176		
70	OPERATING EXPENSE DETAILS																												
71	FIELD LEASE OPERATING EXPENSE																												
72	Total Field Lease Operating Expense	\$	14,523	\$	14,325	\$	12,072	\$	7,025	\$	13,005	\$	7,925	\$	18,954	\$	8,225	\$	12,304	\$	8,625	\$	17,065	\$	9,382	\$	7,025	\$	150,455
73	G&A EXPENSE																												
74	Legal	\$	-	\$	-	\$	-	\$	2,500	\$	-	\$	-	\$	-	\$	2,500	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5,000
75	Accounting	\$	1,000	\$	-	\$	-	\$	1,000	\$	-	\$	-	\$	-	\$	1,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	3,000
76	Reimbursement of Management Services	\$	26,500	\$	-	\$	-	\$	29,000	\$	-	\$	-	\$	-	\$	29,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	84,500
77	Subtotal	\$	27,500	\$	-	\$	-	\$	32,500	\$	-	\$	-	\$	-	\$	32,500	\$	-	\$	-	\$	-	\$	-	\$	-	\$	92,500

* The reimbursement from the Working Interest Reserve includes 49% of all Operating Expenses and all Chapter 11 Related Expenses except the Texas General Land Office Royalty and the Severance Taxes (which are accounted for separately)